
**RESPONSIBLE RELATIVES
CHILD AND SPOUSAL SUPPORT**

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CHAPTER 43-200 CHILD AND SPOUSAL SUPPORT

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Repealed by Manual Letter No. EAS-97-09, effective 7/1/97

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Repealed by Manual Letter No. EAS-97-09, effective 7/1/97

43-203 DISTRIBUTION OF CHILD AND SPOUSAL SUPPORT PAYMENTS 43-203

- .1 See Manual of Policies and Procedures, Division 12, Section 12-425 for child/family and spousal support distribution regulations in current and former CalWORKs and foster care cases.

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- .11 Manual of Policies and Procedures, Division 25, Handbook Sections 25-900 through 25-925 are replaced with the regulations contained in Manual of Policies and Procedures, Division 12, Chapter 12-400.

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- .4 Repealed by Manual Letter No. EAS-99-10, effective 8/12/99

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.6 Repealed by Manual Letter No. EAS-99-10, effective 8/12/99.

.7 Repealed by Manual Letter No. EAS-99-10, effective 8/12/99.

.8 Repealed by Manual Letter No. EAS-99-10, effective 8/12/99.

.9 Repealed by Manual Letter No. EAS-99-10, effective 8/12/99.

NOTE: Authority cited: Sections 10553, 10554, and 11457, Welfare and Institutions Code. Reference: Section 11477, Welfare and Institutions Code; Personal Responsibility and Work Opportunity Act of 1996 (P.L. 104-193), Sections 457(a)(1) and (2) [42 U.S.C. 657(a)(1) and (2)]; Office of Child Support Enforcement Action Transmittal 97-17, Sections II(a), V, VI(b), and VIII, Questions 2, 5, 10, 14, 15, 23, and 24; and 45 CFR 302.52.

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Repealed by Manual Letter No. EAS-99-10, effective 8/12/99.

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CHAPTER 44-100 INCOME

44-101 INCOME DEFINITIONS

44-101

- | (a) Section 44-101(a)(MR) shall become inoperative and Section 44-101(a)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.
- | (MR) Income, generally, is any benefit in cash or in kind which is in fact currently available to the individual or is received by him as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from persons, organizations or assistance agencies. To be considered in determining the cash aid payment, income must, in fact, be currently available to needy members of the family in meeting their needs during the budget period. Subject to this limitation and the exemptions and exclusions, as specified in Section 44-111 of this chapter, such benefits are taken into consideration as income in evaluating the need of the recipient and in determining the amount of cash aid to which the recipient is entitled.
- | (QR) Income, generally, is any benefit in cash or in kind which is reasonably anticipated to be available to the individual or is received by him as a result of current or past labor or services, business activities, interests in real or personal property, or as a contribution from persons, organizations or assistance agencies. To be considered in determining the cash aid payment, income must be reasonably anticipated to be available to needy members of the family in meeting their needs during the QR Payment Quarter. Subject to this limitation and the exemptions and exclusions, as specified in Section 44-111 of this chapter, such benefits are taken into consideration as income in evaluating the need of the recipient and in determining the amount of cash aid to which the recipient is entitled.
- | (b) Separate and Community Income
 - | (1) Separate income is:
 - | (A) Income derived from an interest in separate property; or,
 - | (B) Income resulting from employment or military service rendered prior to the present marriage.
 - | (C) Income received after the rendition of a decree for separate maintenance, as distinguished from a decree of dissolution, or when one spouse is living apart from the other spouse, as well as after dissolution.

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(D) Section 44-101(b)(1)(D)(MR) shall become inoperative and Section 44-101(b)(1)(D)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Funds awarded a married person from his/her spouse in a civil action for personal injuries are considered that spouse's separate income during the month of receipt, and separate property if retained past the month of receipt.

(QR) Funds awarded a married person from his/her spouse in a civil action for personal injuries are considered that spouse's separate income during the month of receipt, and separate property if retained past the month of receipt. If these funds are paid as a nonrecurring lump sum payment, then the funds shall be treated as property in accordance with Section 42-209.2(QR).

(2) Community income is:

(A) Generally income derived from an interest in community property; or,

(B) Income resulting from employment or military service performed during the marriage and not under the situation described in (b)(1)(C) above.

(C) Section 44-101(b)(2)(C)(MR) shall become inoperative and Section 44-101(b)(2)(C)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101(b)(1)(D) and Sections 42-203.431 through .434.

(QR) Funds awarded a married person in a civil action for personal injuries are considered community income during the month of receipt and community property if retained past the month of receipt except as provided in Section 44-101(b)(1)(D)(QR), 42-203.5, and 42-205.3. If these funds are paid as a nonrecurring lump sum payment, then the funds shall be treated as property in accordance with Section 42-209.2(QR).

44-101	INCOME DEFINITIONS (Continued)	44-101
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(c) Section 44-101(c)(QR) et seq. shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Reasonably Anticipated Income

(QR) (1) Income is reasonably anticipated when the county determines it is reasonably certain that the recipient will receive a specified amount of income during any month of the QR Payment Quarter. This definition applies to both earned and unearned income. See Section 44-315.31(QR).

(d) Current Income

(1) Current income generally is all income which is available during a month without regard to any allowable exemptions or disregards.

(e) Earned Income

(1) Earned income is income received in cash or in kind as wages, salary, employer provided sick leave benefits, commissions or profit from activities such as a business enterprise, farming, etc., in which the recipient is engaged as a self-employed individual or as an employee.

(2) Earned income also includes:

(A) Earnings over a period of time for which settlement is made at one given time, as in the instance of sale of farm crops, livestock, poultry, other than sale of an entire holding.

(B) Returns from personal or real property, such as net income from rental of rooms, or board and room.

(C) Earnings under Title 1 of the Elementary and Secondary Education Act, and wages paid under the Job Training Partnership Act (JTPA), (see Section 44-111.21 for disregard applicable to JTPA earned income of a child).

44-101	INCOME DEFINITIONS (Continued)	44-101
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| | (D) Payments under the Economic Opportunity Act, including payments to beneficiaries of assistance under the Act, through such programs as the Neighborhood Youth Corps, New Careers and Concentrated Employment. |
| | (E) Training incentive payments and work allowances under ongoing manpower programs, other than Welfare-to-Work (formerly GAIN) and JTPA. |
| | (F) Earnings from On-the-Job Training (OJT). |
| | (3) Earned income does not include: |
| | (A) Grants that do not meet the exemption criteria specified in Sections 44-111.431, and .432. |
| | (B) Benefits (excluding those specified in Section 44-101(e)(1)) accruing as compensation, or reward for service, or as compensation for lack of employment (for example, pensions and benefits, such as veterans benefits). |
| | (C) Incentive payments derived from participation in WIN Demo. |
| | (D) The training allowances paid to a recipient in JTPA programs. The expense allowance paid to an adult JTPA participant is applied against the actual expenses of training in determining net income. Only the amount that exceeds the expenses is counted as income. |
| | (E) Income received from Public Service Employment under the WIN Demo program (WIN/PSE) (see Section 44-113.10). |
| | (f) Disability-Based Unearned Income |
| | (1) Disability-based unearned income is income received only from one or more of the following: |
| | (A) State Disability Insurance benefits. |

44-101	INCOME DEFINITIONS (Continued)	44-101
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| (B) Private Disability Insurance benefits.

| 1. Private Disability Insurance benefits include all privately purchased or employer-sponsored disability insurance benefits whether or not there is an employee contribution.

| 2. Private Disability Insurance Benefits do not include disability benefits that are not insurance, such as veterans benefits.

| (C) Temporary Workers' Compensation benefits.

| (D) Social Security Disability Benefits.

| (g) Unearned Income

Unearned Income is any income that is not earned income or disability-based unearned income.

| (h) Voluntary Contributions

A voluntary contribution is a contribution for which the contributor has no legal liability.

| (i) Death Benefits

Death benefits are considered income. Death benefits are those life insurance or burial payments made to a deceased's beneficiary. To determine net income, see Section 44-113.11.

Note: If the amount of the death benefit is of negligible importance in meeting continuing needs, refer to Section 44-111.44.

| (j) Income In Kind

Income in kind is any benefit received other than in cash. It includes the value of need items provided at no charge (see Section 44-115).

44-101	INCOME DEFINITIONS (Continued)	44-101
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(k) Interest Income

Interest on a savings account in a bank, savings and loan association, or other institution authorized to accept savings and interest which is received as a result of any contractual obligation.

(l) Lump Sum Income

Section 44-101(l)(MR) shall become inoperative and Section 44-101(l)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Lump sum income is any income received by an AU which is not recurring regular income. Lump sum income is usually nonrecurring in regard to amount and/or source. Lump sum income includes but is not limited to the following: retroactive social insurance payments, real estate commissions such as from sales, income from freelance work, net proceeds from sale of a crop and bonuses.

(QR) (1) Lump sum nonrecurring payments are considered property under the quarterly reporting/prospective budgeting system (see Section 42-209.2(QR)).

(m) Section 44-101(m)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(QR) Income Reporting Threshold (IRT)

(QR) (1) The level of income that triggers the need for a CalWORKs AU to report a mid-quarter change in income.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11265.1, 11265.2, 11265.3, 11450.5, and 11451.5 (Ch. 270, Stats. 1997), Welfare and Institutions Code; Federal Action Transmittal ACF-AT-94-12; 45 CFR 233.20(a)(6)(iii); 45 CFR 233.20(a)(6)(v)(B); Sallis v. McMahon, Sacramento County Superior Court, case no. 364308, January 30, 1991 and 45 CFR 233.20(a)(3)(iv)(B) and (a)(4)(ii)(d).

44-102	AVAILABILITY OF INCOME	44-102
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.1 Section 44-102.1(MR) shall become inoperative and Section 44-102.1(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) All income shall be considered currently available during the month received, except:

(QR) All reasonably anticipated income shall be considered to be available to meet the needs of the AU during the QR Payment Quarter and shall be considered when determining eligibility and grant amount, except:

.11 INTEREST INCOME - Interest income which is received on a regular basis, but less frequently than monthly, shall be apportioned equally over the number of months it has accrued beginning with the month after receipt.

.12 CONTRACTUAL INCOME - Income an employee receives under an annual contract of employment shall be apportioned equally over the period of the contract beginning with the first month of the contract when he works and receives income from such contract in fewer than twelve (12) months, but more than eight (8) months.

.13 CHILD SUPPORT - Child support collected by the county shall not be considered available to the recipient, other than as provided in Sections 43-203.1 and 43-203.4.

.14 Section 44-102.14(MR) shall become inoperative and Section 44-102.14(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) MONTHLY RECURRING UNEARNED GOVERNMENTAL BENEFITS - Monthly benefits (e. g., Social Security benefits, or Veterans benefits, etc.) shall be considered to be available in the month the payment was intended, rather than actually received, when the income meets the following criteria:

(QR) MONTHLY RECURRING UNEARNED GOVERNMENTAL BENEFITS - Monthly benefits (e.g., Social Security benefits, or Veterans benefits, etc.) shall be considered to be available in the month the payment is reasonably anticipated to be received or is intended for (see Section 44-315.31(QR)), when the income meets the following criteria:

44-102	AVAILABILITY OF INCOME	44-102
	(Continued)	

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| | .141 | The receipt date of the income varies because mailing cycles cause two payments to be received in one month and none in the preceding or following month; |
| | .142 | The source of income is a governmental benefit program; and |
| | .143 | The income is unearned and recurring. |

	NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 11157 (Ch. 270, Stats. 1997), 11265.2, and 11450.5, Welfare and Institutions Code.
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44-103	EXPLORATION OF INCOME POTENTIALS AND INCOME VERIFICATION	44-103
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| .1 | County Responsibility |
| .11 | The county shall: |
| .111 | Review, with the applicant or recipient, all his/her resources to determine income-producing potential. |
| .112 | Determine whether income is actually received and, if so: |
| (a) | The regularity of receipt, |
| (b) | The gross or net amount, as appropriate, |
| (c) | The applicant's or recipient's share, and |
| (d) | Whether the income is excluded or exempt, in whole or in part. |
| .114 | Repealed by Manual Letter No. EAS-93-08, effective 7/1/93. |
| .115 | Repealed by Manual Letter No. EAS-93-08, effective 7/1/93. |

44-103	EXPLORATION OF INCOME POTENTIALS AND INCOME VERIFICATION (Continued)	44-103
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- .116 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.
- .117 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.
- .118 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.
- .12 The county shall examine income available to the applicant or recipient from the following potential sources:
 - .121 Social Insurance, i.e., OASDI, Railroad Retirement, Unemployment Insurance, Disability Insurance, etc.
 - .122 Benefits available to veterans of military service, members of military service, their spouses, and their dependents.
 - .123 Rights and interests in real and personal property.
 - .124 Responsible relatives who may be contributing or have a legal liability to contribute.
 - .125 Other persons who may be contributing.
 - .126 Recipient's capacity for self-help and employment.
 - .127 Private pension plans, union welfare funds, life insurance disability benefits, and other forms of assistance.
- .2 Applicant and Recipient Responsibility
 - .21 The applicant or recipient, including the person responsible for the child shall provide information necessary to determine income.
 - .22 The requirement in Section 44-103.21 is considered to be met on the date of application as long as it is completed by the date of authorization of aid.
 - .23 The county shall deny or discontinue aid, including immediate need, to the AU when the applicant or recipient fails or refuses to provide information necessary to determine income.

44-103	EXPLORATION OF INCOME POTENTIALS AND INCOME VERIFICATION (Continued)	44-103
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.231 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.

.24 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.

.3 Repealed by Manual Letter No. EAS-93-08, effective 7/1/93.

NOTE: Authority cited: Sections 10553, 10554, 10604, and 11209, Welfare and Institutions Code. Reference: Sections 10553, 10554, 10604, and 11270, Welfare and Institutions Code; and 45 CFR 233.10(a)(1) and 233.20(a)(3)(ix).

44-105	DIFFERENTIATION OF PROPERTY AND INCOME	44-105
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.1 (Repealed by Manual Letter No. 82-26, effective 04/02/82.)

.2 (Repealed by Manual Letter No. 82-26, effective 04/02/82.)

.3 Payments Which Include Compensation for Converted Property

.31 Payments which include compensation for converted property are those payments received from insurance companies, settlements, court judgments, or other similar sources which wholly or partially compensate for property which has been lost, stolen, damaged, or destroyed.

.32 The proper treatment of such payments is made by determining the proportion of the payment attributable to the property conversion and to treat the remainder as income. This determination is made by subtracting from the total amount of the payment, the value of the converted property at the time it was lost, stolen, damaged, or destroyed.

The value of the converted property shall be the largest of the following amounts:

- (1) The value specified by the issuing source (insurance claim, specified verdict, etc.).
- (2) The value assigned to the property at the last redetermination prior to its destruction.
- (3) The value that would have been assigned to the property under current regulations (e.g., the value of a motor vehicle in accordance with 42-215.4).
- (4) Any other evidence substantiating the value of the property at the time it was lost, stolen, damaged, or destroyed.

44-105	DIFFERENTIATION OF PROPERTY AND INCOME (Continued)	44-105
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.33 The portion of the payment which compensates for converted property shall be treated in accordance with Section 42-213.

.34 Any remainder shall be treated in accordance with Section 44-113.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME	44-111
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.1 The Exclusions and Exemptions and the Applicable Programs are Discussed Below

Federal and state statutes exclude or exempt certain types of payments or benefits in whole or in part from consideration as income. These exclusions and exemptions vary widely between programs. However, the federal statutes also provide that any income to an individual which is disregarded in determining his eligibility under the provisions of one categorical aid program, shall not be taken into consideration in determining the eligibility and/or the amount of assistance paid to a recipient receiving aid under another categorical aid program.

.2 Exemption of Earned Income

(See Section 44-101(e) for the definition of earned income.)

.21 Job Training Partnership Act (JTPA) - Earned Income of a Child

.211 All earnings of a child (see Section 42-101 for age requirement) which are derived from participation in JTPA programs shall be disregarded from consideration as income for both eligibility and grant determinations.

.212 Repealed by Manual Letter No. EAS-98-03, effective 7/1/98.

.22 Student Exemption

.221 All earned income of a child under 19 years old is exempt if:

- a. He/she is a full-time student, or
- b. He/she has a school schedule that is equal to at least one-half of a full-time curriculum, and he is not employed full time.

.222 For purposes of this exemption the following definitions apply:

- a. School attendance is defined as attendance in a school, college, university, or in a course of vocational or technical training designed to fit the child for gainful employment and includes a participant in the Job Corps program under the Economic Opportunity Act.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- b. Part-time employment is defined as less than 173 hours per month.
- .223 The student exemption applies to full- or part-time earnings between school terms or during vacation periods, if the child plans to continue to be a student next term or when the vacation period ends.
- .224 This exemption is applied:
 - a. For financial eligibility purposes, to the earnings of full-time student applicants and recipients and part-time student recipients. This exemption does not apply to earnings of a part-time student applicant. See Section 44-207.321.
 - b. For purposes of grant determination whether or not the student has received aid previously.
- .23 \$225 and 50% Disregards
 - .231 A family shall have \$225 of disability-based unearned income or any earned income and 50% of any remaining earned income disregarded as income. These disregards are applied as follows and subject to the method outlined in Section 44-113.2. If the disability-based unearned income is:
 - (a) Greater than \$225, the difference is added to any other nonexempt income.
 - (b) Less than \$225, the remainder of the disregard is subtracted from any earned income.
 - (c) Zero, the \$225 is applied against any earned income.
 - .232 Repealed by Manual Letter No. EAS-98-03, effective 7/1/98.
 - .233 Wages derived from a diverted grant and/or grant savings and paid to CalWORKs recipients who are participants in the grant-based OJT programs specified in Sections 42-716.31(f) and (g) shall not be eligible for the \$225 and 50 percent earned income disregard.
- .24 College Work Study Programs

Earned income from any college work study program is exempt. This exemption is applied for both eligibility and grant determination whether or not the student has received aid previously.

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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| .25 Independent Living Program (ILP)

| .251 Income and incentive payments earned by a child 16 years of age or older who is participating in the Independent Living Program (ILP) are exempt as income for purposes of eligibility and grant determination when received as part of the ILP written transitional independent living plan. There is no limit to the amount exempted under this subsection.

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See Sections 30-002i.(1), w.(1), 30-342.5, and 30-442.5 for the definition and description of ILP.

HANDBOOK ENDS HERE

.3 Exemption of Payments from Public Sources

- a. A relocation assistance benefit, paid by a public agency to a public assistance recipient who has been relocated as a result of a program of area redevelopment, urban renewal, freeway construction or any other public development, involving demolition or condemnation of existing housing, is exempt income.
- b. (Reserved)
- c. Job Training Partnership Act (JTPA)
 - (1) Payments, other than earnings, to a child (see Section 42-101 for age requirement) which are derived from participation in JTPA programs shall be disregarded as income for both eligibility (including the 185 percent income limit) and grant determinations. There is no time limit for this disregard. This disregard does not apply to earnings paid under the Act (see Section 44-111.21).
 - (2) Payments to an adult which are derived from participation in JTPA programs shall be exempt as income to the extent the payment reimbursements do not exceed actual expenses. This exemption does not apply to earnings paid under the Act.
- d. (Reserved)
- e. (Reserved)

44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- f. Payments made by CalWORKs for child care costs pursuant to Section 47-420.2.
- g. (Reserved)
- h. (Reserved)
- i. (Reserved)
- j. Payments made for out-of-pocket expenses of persons serving on advisory group(s) set up by the Department of Social Services and/or the Health and Welfare Agency are exempt.
- k. Exempt the following payments or funds received from the California Franchise Tax Board:
 - (1) Renters Credits
 - (2) Senior Citizens Homeowners and Renters Property Tax Assistance Program
(applies to persons who are disabled, blind or 62 years of age or older)
 - (3) Senior Citizens Property Tax Postponement Program
(applies to persons 62 years of age and older)
- l. Special Tax Rebates and Credits

Tax rebates, credits or similar temporary tax relief measures which state or federal law for AFDC specifically exclude from consideration as income are exempt.

The state shall promptly advise county welfare departments on the exempt status of other special tax rebates and credits in each program and shall prescribe the method of notifying recipients. Recipients must cooperate with county personnel by providing necessary information or documentation such as Form W-2 and Form 1040 to compute the correct grant amount. This section does not apply to annual refunds of income tax.

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Income tax refunds are classified as personal property (see Section 42-211.21).

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44-111	PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME (Continued)	44-111
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- m. Payments received under the California Victims of Crimes Program are exempt.
- n. The allowance for training expenses paid to recipients participating in Department of Rehabilitation training programs.
- o. Payments received under the Energy Crisis Assistance Program or the Low Income Energy Assistance Program.
- p. (Reserved)
- q. Repealed by Manual Letter No. EAS-92-01, effective 1/1/92.

.4 Exclusions or Exemptions of Other Payments and Income

.41 Academic/Extracurricular Awards or Scholarships to Dependent Children

- .411 Any awards or scholarships provided by public or private entity, to or on behalf of, a dependent child based on the child's academic or extracurricular achievement or participation in a scholastic, educational, or extracurricular competition.

.42 County Supplementation and Voluntary Contributions

- .421 County supplementation and/or voluntary contributions from persons or organizations having no liability for the support of the recipient, are not considered income when:

- a. The service to be provided is designated as a need by the State Department of Social Services, and
- b. The contribution would not be available for expenditure unless used in accord with conditions imposed by the donor, and
- c. The recipient's grant and other income are not sufficient to meet his total need within the limitations specified in the Need chapter for the particular program, or the designated need is one, all or a portion of, which is not included in the assistance standard for the particular program and thus cannot be met from the recipient's grant and income.

- .422 Designated needs within the meaning of this section include:

- a. Housing Approved for Federal Rent Supplements Under the Housing Act of 1965.

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When the recipient qualifies for a rent supplement under the Federal Housing Act of 1965, the rent supplement payment made by the federal agency, on behalf of the recipient, to the landlord or sponsor, is disregarded as income.

.43 Loans and Grants

The following loans and grants are not considered income as specified: (See Section 42-213.2c for treatment as property.)

- .431 Loans and grants received under the Carl D. Perkins Vocational and Applied Technology Education Act. These loans and grants are excluded only to the extent that the proceeds are used to meet attendance costs for a student attending school on at least a half-time basis, as defined by the institution. Attendance costs are defined as tuition, fees, rental or purchase of required equipment, materials or supplies, books, transportation, dependent care and miscellaneous personal education expenses.

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- a. The following examples apply to loans and grants under the Carl D. Perkins Vocational and Applied Technology Education Act only:
1. Example: Grant - Student is awarded a \$1000 grant. \$600 is for tuition, fees and books; \$400 is used to meet current living expenses during the budget period. The \$600 used to meet attendance costs is exempt from consideration as income. The \$400 used to meet current needs, not associated with attendance costs, is taken into consideration as income in the month received.
 2. Example: Loan - Student is awarded a \$1000 loan. \$600 is for tuition, fees and books; \$400 is used to meet current needs during the budget period. The recipient provides a written agreement signed and dated by the lender and recipient which indicates an obligation to repay the loan and a repayment plan. The full loan is subject to exemption based on Section 44-111.437.

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.432 Loans or grants made under Title IV of the Higher Education Act or under the Bureau of Indian Affairs student assistance program.

- a. This includes student loans and grants that are partially funded under these programs, e.g. 50 percent Title IV funds and 50 percent state funds.

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- b. Examples of Title IV and Bureau of Indian Affairs loans and grants include:
1. Supplemental Educational Opportunity Grant Program
 2. Carl D. Perkins Loans (NOTE: Differs from the student financial assistance provided under the Carl D. Perkins Vocational Act).
 3. Robert C. Byrd Honors Scholarship Program
 4. National Science Scholars Program
 5. State Student Incentive Grants
- A. Cal Grant Program

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6. Paul Douglas Teacher Scholarship Program
7. College Work Study (See Section 44-111.25.)
8. Income Contingent Loan (ICL) Program
9. Bureau of Indian Affairs Higher Education Grant
10. Indian Health Service Scholarship Program
11. Pell Grant
12. Federal Family Education Loan (FFEL) Program
 - A. Guaranteed Student Loan (GSL) Program
 - B. Stafford Loan Program
 - C. Consolidation Loan Program
 - D. Supplemental Loans for Students (SLS) Program
 - E. Parent Loans for Students (PLUS) Program

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- .433 Any other grant to any undergraduate student for educational purposes made or insured under any program administered by the Federal Secretary of Education.
- .434 Educational grants to undergraduate students when awarded on the basis of the student's need.

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- a. The recipient shall provide a certification from an official at the student's school (preferably from the Financial Aid office) concerning the student's eligibility for this income exemption. The certification must state that the award is based on need and that the Public Assistance grant was considered in making the award.
- .435 Educational grants other than those excluded in Sections 44-111.432, .433, and .434 only to the extent that the proceeds are used to meet educational expenses, such as fees, equipment, special clothing needs, transportation to and from school, child care services necessary for school attendance, etc.
 - a. The necessary costs of transportation to and from school shall be allowed based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets the criteria above, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven. Allowable transportation costs include, but are not limited to, car payments, car insurance and registration and gasoline.
 - b. The student must appropriately document his/ her educational expenses for the county in order to receive this exemption.
- .436 Any other grants when it is verified that the proceeds are not available to meet current needs. For purposes of this section current needs are defined as those items covered in Section 44-115.3.
- .437 Loans other than those excluded in Sections 44-111.431 and .432 shall be exempt. A loan is defined as specified in Sections 44-111.437a., a.(1) and a.(2):
 - a. A written agreement signed and dated by the lender and applicant/recipient as parties to the agreement that clearly specifies:
 - (1) the obligation of the applicant/recipient to repay the loan; and
 - (2) a repayment plan which provides for installments of specified amounts that continue on a regular basis until the loan is fully repaid.

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.44 Infrequent Income

- .441 Income that is received in prospectively budgeted months and is received too infrequently to be reasonably anticipated, shall be exempt from consideration, as allowed in Food Stamp Regulations, Section 63-502.2(d).

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Food Stamp Regulations, Section 63-502.2(d) states, any prospectively budgeted income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of \$30 in a quarter, is excluded as income.

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.45 Income in Kind

.451 Home Produce

Home produce such as from garden, orchard, livestock, and poultry utilized by a recipient and his household for their own consumption is not income.

.452 Partial Items of Need

Income in kind for partial items of need is exempt.

.453 Offer of a Free Home

Except as provided in W&IC 11264, aid shall not be denied or discontinued for an otherwise eligible child who is offered a free home.

.454 Provided by a Private Nonprofit Organization

Any income in kind, whether a full or partial item of need, provided on the basis of need by a private nonprofit organization shall be exempt as income.

Private nonprofit organizations are religious, charitable, educational, or other organizations such as described in Section 501(c) of the Internal Revenue Code of 1954, which include but are not limited to the Salvation Army, Red Cross, and churches. (Actual tax exempt certification by IRS is not necessary.) Exception: Any assistance provided by Voluntary Resettlement Agencies (VOLAG) as part of their resettlement responsibilities must be considered in determining the refugee's eligibility for aid under the Refugee Demonstration Project (RDP) or Refugee Cash Assistance (RCA) program.

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.46 Funds Received as a Result of the Settlement in the Underwood v. Harris Court Case

Retroactive subsidy payments received from the Department of Housing and Urban Development (HUD) which represent a reimbursement of increased tax and utility costs which were incurred in 1975 through 1977 (see Section 42-211.258(d) and 42-213.2(y) for treatment as property).

.47 Child/Spousal Support Disregard

The first \$50 per month of current child/spousal support paid to or on behalf of an assistance unit shall be disregarded when determining both eligibility and grant amount.

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See Section 42-213.2(k).

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.471 When the child/spousal support payment is received by the county, the amount of the current support payment which is paid to the assistance unit shall be disregarded. This disregard is applied in the month in which the child/spousal support payment is received by the county for eligibility determination and applied in the month in which the disregard payment is received by the assistance unit, if different, for eligibility and grant determination.

.472 Section 44-111.472(MR) shall become inoperative and Section 44-111.472(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) When a current child/spousal support payment is directly received by the assistance unit from the absent parent, the first \$50 of such payment is disregarded and the balance of the support payment is considered income to the assistance unit.

(QR) When a current child/spousal support payment is received or reasonably anticipated to be received by the assistance unit directly from the absent parent, the first \$50 of such payment is disregarded and the balance of the support payment is considered income to the AU.

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(a) See Sections 82-520.4 and .5.

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- .473 The total amount of the current child/spousal support disregard attributable to any month shall not exceed \$50 per assistance unit regardless of whether the child/spousal support is received by the county, with a portion paid to the assistance unit, or the support payment is received by the assistance unit directly. If in the same month the assistance unit receives a disregard payment from the county attributable to a prior month and also receives a current support payment directly from an absent parent/spouse, the assistance unit shall be entitled to both disregards. If the assistance unit receives a payment from the county which consists of payments from current child/spousal support for more than one month, the \$50 limit shall apply only to the total child/spousal support disregard for the month to which the disregard is attributable.

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For example, the county received current child/spousal support payments of \$150 in January, \$150 in February and issued the assistance unit a payment of \$100 in March. The total \$100 shall be disregarded in March for purposes of determining eligibility and grant since it is attributable to January and February.

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.5 Nonexempt Income

Payments which do not fall within the limitations specified in the foregoing subsections, represent nonexempt income to be considered in determining the recipient's grant.

.6 Other income which is mandatorily and specifically exempt by federal law and shall be exempt from the effective date as specified in federal law.

.61 Income which is mandatorily exempt under federal law includes but is not limited to:

- a. Public Law (PL) 92-254 or PL 94-540 which exempts any funds distributed per capita or held in trust for members of any Native American tribe under PL 92-254 or PL 94-540.
- b. PL 93-134, PL 97-458 and PL 98-64 which exempt as income the funds of Native American tribes including interest earned from, and investment income derived from such funds when the funds have been:

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- (1) Distributed by the Secretary of the Interior on a per capita basis; or
 - (2) Held in trust by the Secretary of the Interior.
- c. PL 103-66 which exempts, up to \$2,000 in any 12 consecutive month period, the income of individual Indians when such income is derived from individually owned interests in trust or restricted lands.
- d. PL 89-73 which exempts compensation received by recipients 60 years old, or older, for volunteer services performed under the Retired Senior Volunteer Program, the Foster Grandparents Program, or the Older Americans Community Service Program of the National Older Americans Act.
- e. PL 92-433 and PL 93-150 which exempt the value of supplemental food received under the Child Nutrition Act (WIC) and the National School Lunch Act.
- f. PL 93-113 which exempts payments made under the Domestic Volunteer Services Act of 1973 to welfare recipients who are Vista Volunteers, and payments made for supportive services or reimbursement of out-of-pocket expenses made to persons serving in the Service Corps of Retired Executives (SCORE) and the Active Corps of Executives (ACE) pursuant to Section 418.
- g. PL 100-241 which exempts distributions to a household, individual Native or descendent of a Native when received from a Native Corporation established pursuant to the Alaskan Native Claims Settlement Act (ANCSA). Exempt distributions include:
 - (1) Cash (including cash dividends on stock received from a Native Corporation) to the extent it does not exceed \$2,000 total per person per annum, stock, a partnership interest, land or interest in land, and interest in a settlement trust.
- h. PL 100-383 which exempts payments received as restitution made to U.S. citizens and permanent resident aliens of Japanese ancestry and payments received as restitution made to Aleuts as a result of being relocated by the United States government during World War II.
- i. PL 100-707 which exempts federal major disaster and emergency assistance provided under the Disaster Relief Act and comparable disaster assistance provided by the state, local governments and disaster assistance organizations.

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- j. PL 101-201 and PL 101-239 which exempt payments received from all Agent Orange settlements.
- k. PL 101-426 which exempts payments received under the Radiation Exposure Compensation Act.
- l. PL 101-508 which exempts Earned Income Credit (EIC) payments.
- m. PL 103-286 which exempts payment received as restitution made to victims of Nazi persecution.

NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10553, 10554, 11008.15, 11265.2, 11280, 11322.6(f)(3), 11157 (Ch. 439, Stats. of 2002), 11450.5, 11450.12, 11451.5, and 11451.7, Welfare and Institutions Code; 42 USC Section 602(g)(1)(E)(i); Section 8, Public Law 93-134; Section 2, Public Law 98-64; Section 13736, Public Law 103-66; Section 1, Public Law 100-286, Section 202(a), Public Law 100-485 and 20 USC 1087uu; 45 CFR 233.20(a)(3)(iv)(B), (a)(3)(xxi), 45 CFR 233.20(a)(4)(ii); (a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p) and (q); 45 CFR 233.20(a)(11)(v)(C); 45 CFR 255.3(f)(1); Federal Action Transmittals ACF-AT-94-27 and 94-4 and FSA-IM-89-1.

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.1 Property

Net income from property (including that from property in which a life estate is held), produce or business enterprises is determined by deducting from gross income all normal items of expenses incident to its receipt. Principal payments on encumbrances are not considered a necessary item of expense. If property is sold, the interest portion of any payment received is income.

Interpretation -- Net income from property, crops and livestock is computed as follows:

Source	Computation
a. Rental of real property including that in which life estate held.	Deduct from gross rental the following expenses incident to receipt: <ul style="list-style-type: none"> 1. Taxes and assessments. 2. Interest on encumbrance payments (do not deduct principal payments). 3. Insurance. 4. Utilities. 5. Upkeep and major repairs.

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If a complete dwelling unit is rented the county after consultation with the recipient (a) deducts the amount actually expended each month for upkeep and repairs; or (b) deducts 15% of the gross monthly rental plus \$4.17 a month.

Note: The above expenses are prorated on the same periodic basis as the periodic basis on which the rental is received (i.e., annually, quarterly, monthly, etc.). Multiply rental income received weekly by 4-1/3 to get monthly income.

Note: Under the ordinary life estate agreement, the life tenant is entitled to the use and/or income from the property and is responsible for the usual costs of ownership such as taxes, insurance, upkeep, etc. However, if the life estate agreement stipulates the remainderman is responsible for certain expenses, such payments do not represent income to the life tenant.

b.	Rental of rooms and Room and Board	See Section 44-113.212 for computing self-employment net income.
c.	Sale of real property under contract of sale, title not passing.	The interest received is net income (principal payments represent conversion of property from real to personal property). Deduct any interest payments on prior encumbrances in determining net income from interest received from sale of real property under contract of sale.
d.	Personal property (rental of trucks, equipment, etc.)	Deduct from gross rental all expense necessary to maintenance, etc.
e.	Personal property (interest on money, stocks, bonds, etc.)	All interest received is net income, except interest on savings accounts as provided in W&IC 11009.

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| f. | Sale of crops | <p>Deduct from gross income the following expenses which are incurred.</p> <ol style="list-style-type: none"> 1. Taxes and assessments. 2. Interest on encumbrance payments (do not deduct principal payments.) 3. Water cost. 4. Necessary repair and minor replacement of buildings and equipment. 5. Fertilizer, seed, insecticides, pruning, cultivation and harvesting costs. 6. Rental of equipment. 7. Wages. 8. Losses on crops from the previous period. 9. Other necessary expenses. |
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Prorate the annual expenses such as taxes, assessments, etc., according to the intervals at which the gross income was received. If other expenses cannot be identified with a particular period, determine the method which assures that the expenses are allocated as closely as possible to the period of crop income, and that on a continuing basis all necessary expenses are deducted from gross income.

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| g. | Sale of Livestock | <p>Proceeds from the sale of the increase of livestock (i.e., that portion which represents a capital gain) is gross income. Deduct expenses incident to raising the livestock (such as feed, pasture rent, prorated personal property tax) in computing net income.</p> |
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Since such income is usually received at intervals of more than one month, the same principles that apply to determining the periods of expense for the sale of crops, apply to the sale of livestock.

Note:	<p>Proceeds from the sale of an entire holding of livestock are not income but conversion of property.</p>
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.2 Earnings

.21 Computation of Net Nonexempt Earned Income for CalWORKs

To determine the amount of Net Nonexempt Earned Income for the month, the following steps shall be taken:

.211 Section 44-113.211(MR) shall become inoperative and Section 44-113.211(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determine the total amount of commissions, wages or salary earned as an employee during or applicable to the month (i.e., total income irrespective of expenses, voluntary or involuntary deductions). To determine total earnings for the month, some earnings may have to be allocated to the month pursuant to Section 44-102. Also, the monetary value of any in-kind earned income per Section 44-115 shall be included. Do not include earnings exempted in entirety under Section 44-111.22.

(QR) Determine the total amount of commissions, wages or salary earned as an employee that the AU reasonably anticipates receiving (see Section 44-101(c)(1)(QR)) during each month of the QR Payment Quarter (i.e., total income irrespective of expenses, voluntary or involuntary deductions). To determine total earnings for each month, some earnings may have to be allocated to each month pursuant to Section 44-102. Also, the monetary value of any in-kind earned income per Section 44-115 shall be included. Do not include earnings exempted in entirety under Section 44-111.22.

.212 Section 44-113.212(MR) shall become inoperative and Section 44-113.212(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Determine the total profit earned from self-employment by an applicant/recipient whose earnings are not exempted under Section 44-111.22 by offsetting the business expenses against the gross income from self-employment. When the computation of total profit earned from self-employment disclosed shows that a loss has occurred, earned income from self-employment shall be zero. No additional offset shall be allowed against the family's other income.

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(QR) Determine the total profit reasonably anticipated to be earned from self-employment during each month of the QR Payment Quarter by an applicant/recipient whose earnings are not exempted under Section 44-111.22 by offsetting the reasonably anticipated monthly business expenses against the reasonably anticipated monthly gross income from self-employment. When the computation of total profit earned in a month from self-employment disclosed shows that a loss has occurred, earned income from self-employment for that month shall be zero. No additional offset shall be allowed against the family's other income.

(a) The applicant or recipient who is self-employed shall choose one of the following deductions:

(1) 40 percent of gross self-employed income, or

(2) Section 44-113.212(a)(2)(MR) shall become inoperative and Section 44-113.212(a)(2)(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) verified actual self-employment expenses to the same extent allowed in the Food Stamp Program (Section 63-503.41).

(QR) reasonably anticipated self-employment expenses to the same extent allowed in the Food Stamp Program (Section 63-503.41).

(b) Recipients who are self-employed shall be allowed to change the method of deduction identified in Section 44-113.212(a) only at redetermination or every six months, whichever occurs first.

.213 Section 44-113.213(MR) shall become inoperative and Section 44-113.213(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Combine the total earnings for the family determined in Section 44-113.211(MR) with any net self-employment income determined in Section 44-113.212(MR).

(QR) Combine the total monthly earnings for the family determined in Section 44-113.211(QR) with the monthly net self-employment income determined in Section 44-113.212(QR).

.214 Section 44-113.214(MR) shall become inoperative and Section 44-113.214(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

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(MR) Apply, as specified in Section 44-111.23, the \$225 disregard to any disability-based unearned income for the family.

(QR) Apply, as specified in Section 44-111.23, the \$225 disregard to the reasonably anticipated total monthly disability-based unearned income for the family.

.215 Section 44-113.215(MR) shall become inoperative and Section 44-113.215(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Apply any remainder of the \$225 disregard to any earned income for the family determined in Section 44-113.213(MR).

(QR) Apply any remainder of the \$225 disregard to the reasonably anticipated total monthly earned income for the family as determined in Section 44-113.213(QR).

.216 Apply the 50% disregard to any remaining earned income for the family.

.217 Add to the amount in Section 44-113.216 any excess nonexempt disability-based unearned income and/or any nonexempt unearned income. This total is the net nonexempt income available to the family.

.218 Add together the amounts remaining after application of the above sections for each recipient. This total is net nonexempt earned income for the FBU.

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.22 Section 44-113.22(MR) shall become inoperative and Section 44-113.22(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net Nonexempt Income Computation

Example 1

A nonexempt AU of 3 (a recipient and two children) has gross earned income of \$775 per month, with no other income. The family lives in Region 1.

\$ 775	Earned Income
- 225	\$225 Income Disregard
\$ 550	Subtotal
- 275	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income

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(QR) Net Nonexempt Income Computation

Example 1

A nonexempt AU of three (a parent and two children) has gross monthly earned income of \$775 per month, with no other income. The monthly income is reasonably anticipated to continue at the same amount for the QR Payment Quarter. The family lives in Region 1.

\$ 775	Earned Income
<u>- 225</u>	\$225 Income Disregard
\$ 550	Subtotal
<u>- 275</u>	50% Earned Income Disregard
\$ 275	Total Net Nonexempt Income

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.3 Net Income from Social Security, Railroad Retirement Benefits and Other Pensions

.31 Section 44-113.31(MR) shall become inoperative and Section 44-113.31(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net income from Social Security or from Railroad Retirement Benefits is the actual amount paid to or on behalf of a member of the assistance unit except:

(QR) Net income from Social Security or from Railroad Retirement Benefits is the amount reasonably anticipated to be paid to or on behalf of a member of the assistance unit in the QR Payment Quarter except:

.311 When Social Security benefits are paid to a representative payee on behalf of a member of the assistance unit and the representative payee does not live in the same household as the assistance unit, the Social Security benefits are counted as income only to the extent that the representative payee makes them available for the support of the beneficiary.

.32 Section 44-113.32(MR) shall become inoperative and Section 44-113.32(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Net income from other types of pensions and similar sources is the amount received or, if the individual is required to pay income tax on such income or has other required expenses in receiving such income, net income is the amount received less these expenses.

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(QR) Net income from other types of pensions and similar sources is the amount reasonably anticipated to be received in the QR Payment Quarter or, if the individual is required to pay income tax on such income or has other required expenses in receiving such income, net income is the amount received less these expenses.

.4 Unrelated Adults, Including Unrelated Adult Males, Living in the Home

.41 Net income to the Family Budget Unit (FBU) from an unrelated adult living in the home including an Unrelated Adult Male (UAM) is the sum of:

.411 Section 44-113.411(MR) shall become inoperative and Section 44-113.411(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) cash given to the FBU which is available to meet the needs of the FBU and;

(QR) cash reasonably anticipated to be given to the AU in the QR Payment Quarter which is available to meet the needs of the AU and:

.412 Section 44-113.412(MR) shall become inoperative and Section 44-113.412(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) the value of full items of need provided in-kind to the FBU. An item is not considered to be provided in-kind to the FBU if the FBU is receiving this full item of need in exchange for the FBU providing the UAM with a different item. For example, if a UAM and AFDC mother agree that he will pay the rent if she pays their food and utilities, the FBU is not receiving in-kind income for housing.

(QR) the value of full items of need reasonably anticipated to be provided in-kind to the AU in the QR Payment Quarter. An item is not considered to be provided in-kind to the AU if the AU is receiving this full item of need in exchange for the AU providing the UAM with a different item. For example, if a UAM and a CalWORKs mother agree that he will pay the rent if she pays their food and utilities, the AU is not receiving in-kind income for housing.

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.42 Section 44-113.42(MR) shall become inoperative and Section 44-113.42(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Cash given to the FBU which is available to meet the needs of the FBU does not include.

(QR) Cash that is reasonably anticipated to be given to the AU in the QR Payment Quarter does not include:

.421 Cash which is conditioned on its use for nonneed items for the FBU, unrelated adult, or any other person.

.422 Cash designated by the unrelated adult to meet (1) his/her needs and expenses, including work-related expenses defined in Section 44-113, and/or (2) the needs and expenses of the unrelated adult's child(ren) or other unaided persons in the home the UAM is supporting.

.423 Cash which the AFDC mother and unrelated adult have specifically agreed constitutes the unrelated adult's share of the cost-of-living arrangement. For example, assume a UAM is required to make a financial contribution of \$182 to the FBU. (See Section 43-109.1 and .2.) If the UAM and AFDC mother agree that the UAM's share of the cost-of-living is \$200 and the UAM gives the mother his \$200 share, no part of this \$200 is available to meet the needs of the FBU.

.424 Any other amounts which the unrelated adult designates as not available to the FBU.

.43 When the unrelated adult's income is pooled with those of the FBU, the pooled income is treated as if cash were given to the FBU.

.44 The value of full items of need provided to the FBU is determined according to EAS Section 44-115.8. For example, assume that a UAM and his child live with an AFDC mother and her two children. If the UAM pays the entire \$300 rent to the landlord, the value of the full item of need to the FBU is the lesser of (1) the in-kind income table amount for housing for three; or (2) 3/5 of \$300 (\$180). If the in-kind income table amount were \$163, the amount of in-kind income for housing to the FBU would be \$163.

.5 Section 44-113.5(MR) shall become inoperative and Section 44-113.5(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

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(MR) Child/spousal support which is paid to the AU by the absent parent and not forwarded to the county or which is collected by the county and paid to the AU pursuant to Section 82-520.4 shall be considered available income when received except as specified in Section 44-111.47.

(QR) Child/spousal support which is reasonably anticipated to be paid during the QR Payment Quarter to the AU by the absent parent and not forwarded to the county shall be considered available income except as specified in Section 44-111.47.

.6 Refunds of Retirement Contributions

.61 Section 44-113.61(MR) shall become inoperative and Section 44-113.61(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Lump-sum refunds of the employer's share of retirement contributions shall be considered net unearned income in the month received.

(QR) Nonrecurring lump sum refunds of the employer's share of retirement contributions shall be treated as property (see Section 42-209.2(QR)).

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See Section 42-211.257 for treatment of the employee's share of retirement contributions.

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.62 Section 44-113.62(MR) shall become inoperative and Section 44-113.62(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The interest earned on accumulated retirement contributions shall be treated as income in the month received.

(QR) Recurring interest earned on accumulated retirement contributions shall be treated as income in the month it is reasonably anticipated to be received. If the interest payment is nonrecurring, it shall be treated as property (see Section 42-209.2(QR)).

.7 Death Benefits

Net Income from death benefits is the amount remaining after deducting the actual expenses of the funeral, cremation, or burial of the insured. Such expenses must be verified by the recipient with acceptable evidence.

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.8	Income from Payments Which Include Compensation for Converted Property (see Section 44-105)
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Section 44-113.8(MR) shall become inoperative and Section 44-113.8(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR)	That portion of a payment defined in Section 44-105.3 which exceeds the value of the converted property is income. (See Section 44-207.4.)
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(QR)	That portion of a payment defined in Section 44-105.3 which exceeds the value of the converted property and is recurring in nature is income. If that portion of the payment that is to be received is nonrecurring it shall be treated as property (see Section 42-209.2(QR)).
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Net income is that income which remains after deducting the following expenses if the recipient shows the expenses were paid by the recipient while he was a recipient and were directly related to the receipt of the payment.

.81	Attorney's fees
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.82	Litigation expenses
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.83	Medical expenses
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.84	Other necessary and required expenses.
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NOTE: Authority cited: Sections 10553 and 10554, Welfare and Institutions Code. Reference: Sections 10063 (Ch. 270, Stats. 1997), 10553, 10554, 10790, 10791, 11008, 11008.19, 11155.3 (Ch. 270, Stats. 1997), 11157 (Ch. 270, Stats. 1997), 11265.1, 11265.2, 11265.3, 11450.5, 11450.12 (Ch. 270, Stats. 1997), and 11451.5 (Ch. 270, Stats. 1997), Welfare and Institutions Code; 45 CFR 233.10; 45 CFR 233.20(a)(3)(ii)(C); 45 CFR 233.20(a)(3)(vi)(A); 45 CFR 233.20(a)(6)(v)(B); 45 CFR 255.3; 45 CFR 233.20(a)(3)(iv)(B); 45 CFR 233.20(a)(3)(xxi); 45 CFR 233.20(a)(4)(ii)(d); 45 CFR 233.20(a)(4)(ii)(p); Darces v. Woods (1984) 35 Cal. 3d 871; and Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995.

44-115	EVALUATION OF INCOME IN-KIND	44-115
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When a need item is earned or contributed in kind, the income value placed upon such earnings, contributions, etc., is the amount specified below.

.1	Free Board and Lodging Received During Temporary Absence from Home
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44-115	EVALUATION OF INCOME IN-KIND (Continued)	44-115
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.11 Absence One Month or Less

Section 44-115.11(MR) shall become inoperative and Section 44-115.11(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) The value of free board and lodging received by a recipient during a temporary absence from his home of not more than one calendar month shall be exempt.

(QR) The value of free board and lodging reasonably anticipated to be received by a recipient during a temporary absence from his/her home of not more than one calendar month shall be exempt.

.12 Absence Exceeds One Month

Section 44-115.12(MR) shall become inoperative and Section 44-115.12(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) After an absence of one month, free board and lodging, i.e., food, shelter and utilities, shall be considered income but only to the extent that continuing allowances in the grant for these items exceed the cost to the recipient of maintaining the home to which he/she expects to return. (W&IC 11009.1.)

(QR) After an absence of one month, free board and lodging, i.e., food, shelter and utilities reasonably anticipated to be received during the QR Payment Quarter, shall be considered income, but only to the extent that continuing allowances in the grant for these items exceed the cost to the recipient of maintaining the home to which he/she expects to return. (Welfare and Institutions Code Section 11009.1.)

.2 Nonneedy Relatives

.21 Evaluation of Income In Kind from Nonneedy Relatives Other Than Natural or Adoptive Parents

Section 44-115.21(MR) shall become inoperative and Section 44-115.21(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Income in kind will only be considered if the nonneedy relative chooses to make a voluntary contribution to the FBU. The county shall determine if the nonneedy relative wishes to contribute income in kind to the support of the child(ren) in his/her care. If he/she does so, the amount of a contribution actually received shall be determined in accordance with Section 44-115.3, In-kind Income Values, and be considered net income to the FBU.

44-115	EVALUATION OF INCOME IN-KIND (Continued)	44-115
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(QR) Income in kind will only be considered if the nonneedy relative chooses to make a voluntary contribution to the AU. The county shall determine if the nonneedy relative wishes to contribute income in kind to the support of the child(ren) in his/her care. If he/she does so, the amount of a contribution reasonably anticipated to be received shall be determined in accordance with Section 44-115.3, In-kind Income Values, and be considered net income to the AU.

Natural or adoptive parent, stepparents of AFDC children whose natural parent is in the home, or any other adult whose needs are met through APSB, AFDC, EVH, SSI/SPP, IRAP or In-Home Care programs shall not be considered to be nonneedy relatives for purposes of this section and no income in kind may be considered.

.3 In-Kind Income Values

.31 Provided that a lower value is not established in accordance with .32 below, the in-kind income amounts effective July 1, 1981 for housing, utilities (including telephone), food and clothing, as adjusted for any increases or decreases in the cost of living specified in .311, and published by the DSS, shall apply for those item(s) of need received in-kind by the AU. If a lower value is established in accordance with .32 below, such value shall apply for the appropriate item(s) of need received in-kind by the AU.

.311 Individual in-kind income amounts shall be adjusted by the same percentage increase or decrease that is applied to the Minimum Basic Standard of Adequate Care (MBSAC) levels. Such adjustments to the in-kind income amounts shall be effective at the same time as adjustments to the MBSAC levels become effective.

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(a) INCOME IN-KIND AMOUNTS - REGION 1

Needs Considered # in AU	Housing	Utilities	Food	Clothing
1	191	40	105	33
2	255	45	225	62
3	279	48	287	93
4	293	51	356	124
5	293	51	430	156
6	293	51	497	186
7	293	51	554	220
8	293	51	607	245
9	293	51	667	281
10	293	51	720	309

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INCOME IN-KIND AMOUNTS - REGION 2

Needs Considered in AU	Housing	Utilities	Food	Clothing
1	182	40	105	33
2	242	45	225	62
3	265	48	287	93
4	279	51	356	124
5	279	51	430	156
6	279	51	497	186
7	279	51	554	220
8	279	51	607	245
9	279	51	667	281
10	279	51	720	309

(b) Repealed by Manual Letter No. EAS-99-08, effective 7/30/99.

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.32 Section 44-115.32(MR) shall become inoperative and Section 44-115.32(QR) shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) If the applicant or recipient does not agree with the value arrived at in .31 above, he/she may submit evidence of the value of the item which he/she received in kind. For housing and clothing, the in-kind income shall be the net market value (see Section 42-203.7) of the item received. For utilities and food, the in-kind income value shall be the cost to the person who paid for the item.

If the applicant or recipient presents satisfactory evidence that the value of the item received in kind is other than the value specified in .31 above, such evidence shall be used by the county in determining the value of the item if it is to the recipient's financial advantage. Recipients who are having in-kind income deducted from their grants should be informed that this method of contesting the values established in .31 above exists.

44-115	EVALUATION OF INCOME IN-KIND (Continued)	44-115
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(QR) If the applicant or recipient does not agree with the value arrived at in Section 44-115.31, he/she may submit evidence of the value of the in-kind income item which he/she receives or reasonably anticipates receiving. For housing and clothing, the in-kind income shall be the net market value (see Section 42-203.7) of the item reasonably anticipated to be received. For utilities and food, the in-kind income value shall be the cost to the person who will pay for the item.

If the applicant or recipient presents satisfactory evidence that the value of the item reasonably anticipated to be received in kind is other than the value specified in Section 44-115.31, such evidence shall be used by the county in determining the value of the item if it is to the recipient's financial advantage. Recipients who are having in-kind income deducted from their grants should be informed that this method of contesting the values established in Section 44-115.31 exists.

.33 If an applicant or recipient presents satisfactory evidence of the value of a need item shared with persons who are not members of the AU or whose needs are not considered in the AU, the in-kind value attributable to the AU shall be the lesser of:

.331 their pro rata share, for persons whose needs are considered in the AU, of the net market value or cost of the item, or

.332 the in-kind income table value established in accordance with Section 44-115.311 for the appropriate number of persons whose needs are considered in the AU.

.333 Example: If an AU of three whose needs are all considered shares free housing with another person, making a household of four, and the applicant or recipient presents satisfactory evidence that the net market value of the housing is \$120, the in-kind value of the housing to the AU would be \$90. If the net market value of the housing is \$375, in this example, then the AU's pro rata share of this amount would be \$281 -- however, if the in-kind income table value for housing was \$251*, the \$251* value would be used because the table values established in accordance with .311 represent the maximum in-kind income value that may be applied.

* The amount \$251 is subject to change. Use the currently applicable amount established in accordance with 44-115.311.

NOTE: Authority cited: Sections 10553, 10554, 11450, 11452.018, and 11453, Welfare and Institutions Code. Reference: Sections 11265.8, 11253.5, 11265.2, 11450, 11450.015, 11450.4(c), 11450.5, 11452, 11452.018, 11453, and 11486, Welfare and Institutions Code; and Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992.

44-133	TREATMENT OF INCOME -- CALWORKS	44-133
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- .1 All net income of persons included in the Assistance Unit is income to the Assistance Unit.
- .2 Income in Cases in Which the Assistance Unit Resides in the Same Household as an SSI/ SSP or Cash Assistance Program for Immigrants (CAPI) Recipient
 - .21 The aid payment and income of an SSI/ SSP or CAPI recipient shall not be included in the Assistance Unit's income and grant computation.
 - .22 Lump sum retroactive SSI/ SSP or CAPI payments received by a recipient are not countable income to the Assistance Unit.
 - .23 Payments for goods or services by an SSI/ SSP or CAPI recipient to a CalWORKs cash aid recipient are income to the Assistance Unit.
 - .24 Income derived from an interest in the community or joint property of an SSI/ SSP or CAPI recipient and a CalWORKs cash aid recipient is prorated between owners and the CalWORKs cash aid recipient's share is countable income to the Assistance Unit.
 - .25 Actual voluntary contributions made by an SSI/ SSP or CAPI recipient to a cash aid recipient are income to the Assistance Unit. This does not include pooled income to meet shared living expenses, or payments for living expenses made in lieu of other payments in a shared living arrangement. However, no contribution will be required of the SSI/ SSP or CAPI recipient.
 - .26 If a CalWORKs cash aid applicant is determined to be eligible for cash aid and is included in the assistance unit, income of the cash aid applicant (including income considered available from a stepparent under provisions of Section 44-133.511 or a senior parent under provisions of Section 89-201.5) that may have been used in computing an SSI/ SSP or CAPI grant for another person will be included in the CalWORKs grant computation. The county shall notify the Social Security Administration or the appropriate CAPI worker as to the effective date that the income is used in the CalWORKs grant computation so that such income may be deleted from the SSI/SSP or CAPI grant computation.
 - .27 The county shall notify the Social Security Administration of the effective date that a CalWORKs cash aid recipient and any of his/her income is deleted from the Assistance Unit because of receipt of SSI/SSP, if the recipient has income which was used in the CalWORKs grant computation. This is necessary so that the Social Security Administration may begin to consider the income. No retroactive adjustment of the CalWORKs grant shall be made because of receipt of SSI/SSP if the grant was correctly computed during the period the SSI/SSP application was pending.

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(Continued)

| .3 Income of Children in Foster Care and Kin-GAP

| All net income received by or on behalf of children in foster care or Kin-GAP shall be considered income to the child.

.4 Income in Cases in Which a Parent or Child Has Been Sanctioned or Penalized

.41 Income of persons living in the home, who are required to be in the AU but who have been sanctioned or penalized is available to the AU. The needs of these individuals are not considered except for persons in an AU that are being penalized for failure to cooperate with child support. Actions which are subject to sanction or which constitute a failure to cooperate include, but are not limited to, any one of the following:

.411 Failing or refusing, without cause, to comply with welfare-to-work requirements;

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(See Section 42-721 for Welfare-to-Work Requirements)

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.412 Refusing to furnish or cooperate in securing a social security number for himself/herself;

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(see Section 40-105.2)

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.413 Refusing to assign rights to child and spousal support payments;

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(See Section 82-510)

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.414 Refusing to take actions necessary to obtain unconditionally available income.

44-133	TREATMENT OF INCOME -- CALWORKS (Continued)	44-133
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(See Section 82-610)

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- .415 Refusing or failing to attend school regularly or cooperate in verifying school attendance.
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(See Section 42-101.5)

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- .416 Refusing or failing to submit verification of immunization for AU children under age 6.
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(See Section 40-105(j))

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- .417 Committing an Intentional Program Violation (IPV)
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(See Section 20-351)

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.5 Income and Needs in Cases in Which a Person is Excluded

- .51 The income of a parent is considered when that parent is living in the home but is excluded from the AU. A parent's needs shall only be considered if he/she has income unless the parent is an ineligible alien parent as specified in Section 44-133.521. This section does not apply to parents excluded for the following reasons: a) a sanction; b) being a recipient of another aid program; or c) being a member of a different AU. See MPP Section 44-133.8 for treatment of income and needs of timed-out adults. Parents whose needs and income are considered include, but are not limited to:

- .511 A stepparent who is the spouse of the applicant and/or recipient child's parent when the child's parent is residing in the home and the stepparent is not the parent of any natural or adoptive children who are required to be included in the AU.

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- .512 Natural or adoptive parents who are excluded by law.
- .513 Senior parents excluded from the minor parents' AU.
- .514 Fathers of unborn children in Pregnant Women Only cases.
- .515 Spouses of aided children in their parents' AU when the spouse does not have a child in the AU.
- .52 The needs of the following persons shall be considered in the family MAP (recipient cases) or MBSAC (applicant cases). The family MAP/MBSAC shall include:
 - .521 The needs of the following ineligible aliens who are related to the AU and who, but for their alien status, would be eligible for aid:
 - (a) An ineligible alien spouse of an AU member.
 - (b) An ineligible alien parent of a child in the AU.
 - (c) An ineligible alien parent of an ineligible alien child in common who is deprived of parental support and care.
 - (d) An ineligible alien child of an AU member.
 - (e) An ineligible alien child who is the sibling or half sibling to a child in the AU, and
 - .522 The needs of AU members other than those specified at Section 44-133.4, and
 - .523 The needs of the persons excluded from the AU, specified at Section 44-133.51, whose income is being considered, and
 - .524 The needs of any excluded children of the persons identified in Sections 44-133.51 and .521 whose income is being considered, or other dependents living in the home who could be claimed by the person for tax purposes, and
 - .525 The needs of any excluded spouse of the persons identified in Sections 44-133.51 and .521 whose income is being considered.
- .53 The income of excluded children not required to be in the AU is excluded unless the needs of that child are considered as specified in Section 44-133.521. (See student exemption disregard at Section 44-111.22 for earnings of a child.)

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- .54 The following examples are provided to illustrate how to determine financial eligibility for the family in accordance with Sections 44-207.1 and .2 and the aid payment computation in accordance with Section 44-315.

Example 1: Family with No Ineligible Alien Members

Applicant applies on behalf of herself and her two dependent children. Also living in the home is a stepparent and his separate child. Stepparent earns \$1000 per month from full-time employment. Mother receives \$300 per month in State Disability Insurance benefits. No other income is received by family members. The AU resides in Region 1 and is eligible for Exempt MAP.

Applicant Eligibility Determination:

\$1000	Earned Income
- 90	\$90 Earned Income Disregard
\$ 910	Net Nonexempt Earned Income
<u>\$+300</u>	Disability-Based Income (Not subject to \$225 Disregard at application)
\$1210	Total Net Nonexempt Income
\$1049	MBSAC for Five (Includes AU and Non-AU Family Members)

Family is ineligible for CalWORKs (Net Nonexempt Income exceeds the MBSAC for Five).

Handbook Section 44-133.54(MR), Examples 2 and 3, shall become inoperative and Handbook Section 44-133.54(QR), Examples 2, 3, and 4 shall become operative in a county on the date QR/PB becomes effective in that county, pursuant to the Director's QR/PB Declaration.

(MR) Example 2: Family with Ineligible Alien Members and Stepparent with No Income

Mother of two children has earnings of \$600 per month. One of the children is her citizen child and the other is her ineligible alien child with deprivation. Mother receives direct child support in the amount of \$85 per month for the ineligible alien child. Also in the home is the ineligible alien spouse of the mother. The spouse does not have any income. The family lives in Region 1 and does not have exempt status.

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Applicant Eligibility Determination

\$ 600	Earned Income of Mother
<u>- 90</u>	Applicant Earned Income Disregard
\$ 510	Subtotal
<u>+ 85</u>	Unearned Income of Ineligible Alien Child
\$ 595	Total Net Nonexempt Income
\$ 595	Less than the \$920 Region 1 Nonexempt Family MBSAC for Four. (Family passes Applicant Test.)

Recipient Financial Eligibility Test

\$ 600	Earned Income of Mother
<u>- 225</u>	Income Disregard
\$ 375	Subtotal
<u>- 187.50</u>	50% Earned Income Disregard
\$ 187	Net Nonexempt Earned Income
<u>+ 85</u>	Unearned Income of Ineligible Alien Child
\$ 272	Total Net Nonexempt Income (Rounded Down)
\$ 272	Less than \$728 Region 1, Nonexempt Family MAP for Four. (Family passes Financial Eligibility Test.)

Grant Computation

\$ 728	Region 1, Nonexempt Family MAP for Four
<u>- 272</u>	Total Net Nonexempt Income
\$ 456	Potential Grant
\$ 493	MAP for AU of Two (Includes Mother and Citizen Child)
\$ 456	Aid Payment is the Lesser of the Potential Grant or MAP for the AU.

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(QR) Example 3: Family with Ineligible Non-citizen AU Members and Stepparent with Income and Excluded Dependents

Recipient mother receives aid for herself and one child. The mother has earnings of \$600 per month that is reasonably anticipated to continue at the same amount during the QR Payment Quarter. Also living in the home are: 1) the ineligible non-citizen spouse of the aided parent; 2) the aided mother's ineligible non-citizen child in common with no deprivation; 3) the aided mother's citizen child in common who has no deprivation; and 4) a separate ineligible non-citizen child of the spouse. The spouse has \$375 per month earned income that is reasonably anticipated to continue at the same level during the QR Payment Quarter. The family is nonexempt and lives in Region 1.

Eligibility/Grant Computation

Step 1	\$ 975	Family's Monthly Earned Income	
	- 225	\$225 Income Disregard	
	\$ 750	Subtotal	
	- 375	50% Earned Income Disregard	
	\$ 375	Net Earned Income	
	\$ 375	Total Family Net Nonexempt Income	
Step 2	\$1,072	Family MAP for Six	(All excluded dependents of the stepparent are included, regardless of deprivation since the stepparent's income is used.)
	- 375	Total Family Net Nonexempt Income	
	\$ 697	Potential Grant	
Step 3	\$568	AU MAP for Two	
	\$697	Potential Grant	
	\$568	Aid Payment (lesser of AU MAP or potential grant)	

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- .55 When an excluded family member whose needs must be considered shares the same familial relationship with more than one AU and the members of the AUs live in the same home, the parents shall determine in which AU the needs of the non-AU family member shall be included.

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Example:

A mother with one child (AU #1) has an ineligible alien child in common with the unmarried father who receives aid for his separate child (AU #2). The ineligible alien child has deprivation. Mother has earned income and the father who is the principal earner is unemployed and receives UIB unearned income. The parents shall decide in which AU to include the ineligible alien common child's needs.

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- .6 Income of a Nonneedy Caretaker Relative Other than the Parent
- .61 The amount by which a nonneedy relative, other than a parent with whom the child lives, is able and willing to meet the child's needs is income to the Assistance Unit.
- .7 Income in Cases Where a Noncitizen Has Been Sponsored for Entry into the United States
- .71 When a noncitizen is sponsored by an individual as defined in Section 43-119.2 the income of his/her sponsor who is not receiving cash aid, SSI or other public cash assistance payments (such as General Assistance) and the income of the sponsor's spouse who lives with the sponsor and who is not receiving such public cash assistance payments shall be deemed to be the sponsored noncitizen's income. This income is determined as follows:
- .711 Determine the total amount of unearned income of the sponsor and his/her spouse.
- .712 Determine the total amount of income received by the sponsor and his/her spouse, such as wages or salary, or as net earnings from self-employment. See Section 44-113.212.
- .713 If the sponsor is the sponsor of more than one noncitizen, divide the total gross income by the total number of sponsored noncitizens who are applying for or receiving cash aid. This amount shall be deemed to be the income of each applicant or recipient who is a sponsored noncitizen.
- .714 When the sponsored noncitizen is not included in the AU (see Section 82-832), the portion of his/her income, which has been deemed from the sponsor, shall not be used in determining his/her contribution to the AU unless such income is actually available to the AU.

44-133	TREATMENT OF INCOME -- CALWORKS (Continued)	44-133
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- .715 When the sponsored noncitizen is a member of the AU, this deemed income from the sponsor shall be treated as unearned income in accordance with Sections 44-113 and 44-315.4.
- .716 If the sponsor is either an excluded parent or stepparent, his/her income shall be treated in accordance with the excluded parent or stepparent deeming computation. See Sections 44-133.3 and 44-133.63.
- .72 Repealed by CDSS Manual Letter No. EAS-01-09, effective 10/10/01.
- .8 Income and Needs of Timed-Out Adults.
- Income and needs of adults living in the home who have been removed from the AU due to exceeding the 60-month CalWORKs time limits shall be treated as follows:
- .81 Parents otherwise required to be in the AU. Net non-exempt income of timed-out parents who are otherwise required to be in the AU and living in the home shall be considered available to the AU. The needs of these parents shall not be considered when calculating the grant for the aided AU members.
- .82 Non-parent caretaker relatives. Timed-out non-parent caretaker relatives living in the home are no longer eligible to be optional AU members, and their income and needs shall not be considered when calculating the grant for the aided AU members.
- .83 Stepparents not required to be in the AU. Timed-out stepparents not required to be in the AU and living in the home are no longer eligible to be optional AU members, and their net non-exempt income and needs shall be treated in accordance with the provisions of MPP Sections 44-133.51 and 44-133.511.
- .84 See MPP Sections 42-301 and 82.833.1 for regulations regarding timed-out adults. For timed-out adults whose income must be considered in the AU's grant computation, net nonexempt income shall be determined as specified at MPP Section 44-113.2.

NOTE: Authority cited: Sections 10553, 10554, 10604, and 11369, Welfare and Institutions Code. Reference: Sections 10063, 10553, 10554, 10604, 11008.14, 11254, 11320.15, 11450, 11452, 11453, 11486, 18937, 18940, and 11371, Welfare and Institutions Code; 45 CFR 205.50(a)(1)(i)(A); 45 CFR 233.20(a)(1)(i); 45 CFR 233.20(a)(3)(ii)(C), (a)(3)(vi)(B), (a)(3)(xiv), (a)(3)(xiv)(B), and (xviii); 45 CFR 233.50(A)(c); and 45 CFR 233.90(c)(2)(i); Family Support Administration Action Transmittal 91-15 (FSA-AT-91-15), dated April 23, 1991; and Omnibus Budget Reconciliation Act (OBRA) of 1990; U.S. Department of Health and Human Services Federal Action Transmittal No. FSA-AT-91-4 dated February 25, 1991; Simpson v. Hegstrom, 873 F.2d 1294 (1989); Ortega v. Anderson, Case No. 746632-0 (Alameda Superior Court) July 11, 1995; and Federal Register, Vol. 58, No. 182, pages 49218 - 20, dated September 22, 1993; 8 U.S.C. 1631; and 42 U.S.C. 602(a)(39).

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